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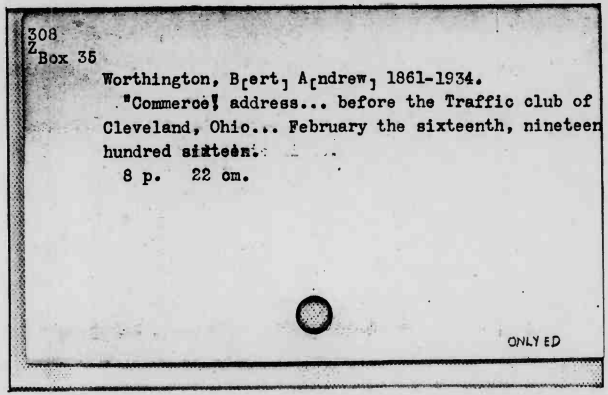


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# "COMMERCE"

ADDRESS OF

MR. B. A. WORTHINGTON,
*President*, The Cincinnati, Indianapolis & Western R. R. Co.

BEFORE THE
TRAFFIC CLUB
OF CLEVELAND, OHIO

WEDNESDAY, FEBRUARY THE SIXTEENTH,
NINETEEN HUNDRED SIXTEEN

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# COMMERCE

*Mr. Toastmaster and Gentlemen:*

All thoughtful men know by experience the mental and moral helpfulness of a retrospect of their past life. History is a retrospect of national life, and of the life and various developments of the human race. In it we watch the outworking, on a much larger scale, of the actions and motives, their results, immediate and remote, and their abiding lessons. This wider view helps to lift us from the binding limitations of the present hour, and affords both warning and consolation of utmost value. It gives us breadth of outlook otherwise unattainable.

In thus viewing history, our eye falls upon a remarkable record, among the earliest of civilization, contained in Hebrew Scripture:

> "And Abraham weighed down four hundred shekels of silver, *current among the merchants.*"

Hidden in this terse record, yet clear and distinct if we study it closely, we find a surprising truth—evidence of a highly advanced condition of commercial intercourse in that early period, inasmuch as it proves that *even then* commerce was developed to the point where a "medium of exchange" was necessary, and that medium of exchange was silver.

How long Commerce had struggled along until a suitable medium of exchange was found, is purely conjectural. It is clear, however, that commerce was flourishing at the dawn of Civilization, and it does not strain our mental capacities greatly to apprehend the fact that Commerce actually contained the germ of Civilization.

## A RETROSPECT

Retrospect reveals the selfishness and greed that have marked the commercial history of the world: "Get all you can and keep all you get" was the maxim that prompted the activities of the early Dutch merchants. Spanish merchants seized the rich fields of South America and held as captives the wealthy Incas of Peru and Bolivia, and both Holland and Spain already have paid the price of indiscretion.

Our own participation in Slave Traffic has left upon us a blight that blood could not eradicate.

Even today, not only do we find Civilization furthest advanced where Commerce is most thrifty and best protected, but when the history of today is written, we certainly shall find that Commerce, its development and its protection, has given rise to the bloodiest and most disastrous war that the world has ever known.

## THE FLAG FOLLOWS

Sentiment follows Commerce wherever Commerce may lead. Technically, it is wrong to suppose that "Commerce follows the flag," because Commerce is always beckoning the flag that will cater to and protect it best. Even the promise of Commerce is an irresistible lure. Otherwise the flag will not venture forth—it never has and never will.

However, human nature is peculiar and deceiving. In some localities it is held undesirable to be considered a "trades-person." We recall the southern darkey who, too proud to work, got married so his wife could

support him by doing washings. This seems absurd to us, yet we ourselves, owing to the peculiar conceit in our make-up, would prefer to think that America was discovered by romantic adventurers, rather than by practical, level-headed men seeking new trade routes. Nevertheless, Commerce discovered America. Moreover, Commerce has made America. Commerce and Commerce alone will perpetuate America. Commerce pointed out specifically where all our great cities should be located. The finger of Commerce traced the routes between these great cities. And the promise of Commerce lured our hardy pioneers out into the wilderness where now that promise has been fulfilled to overflowing.

## INDEPENDENCE

The Declaration of Independence was a declaration of Commerce. Before the Revolution the Boston Tea Party served formal notice upon England that the yoke she had placed upon American commerce was galling and should be removed. England did not heed that warning and she lost America. This loss, however, has now been compensated by the lesson that she learned and England has become a wonderful nation—not because that little island is rich in natural resources, as such is not the case, she is relatively poor in this respect,—but because of what she saw "in the stars." Today in Canada, in Australia, and wherever the English flag has ventured to follow Commerce, not only has England lent full moral support to develop and protect Commerce, but she has been liberal in financial support. She has subsidized railroads on a lavish scale. She has established water routes across the Atlantic, across the Pacific, across every ocean, coaxing Commerce earnestly, faithfully, consistently in every colony.

England today is fighting—not for the protection of the British Islands, but for the protection of Commercial Great Britain. She is fighting on and for commercial strength and prestige; and the colonies that she has nursed commercially are now fighting her battles in the trenches.

## IN RESTRAINT OF COMMERCE

The Revolution in America was a revelation in England. The unwritten laws of the unnamed International Commerce Commission forbids an undue restraint upon Commerce, and that is the lesson that we all must learn, in sorrow perhaps, despite the foolish sentiment inherent in our natures that paints wonderful mirages, oftentimes upside down, to tempt us from the course that simple reason tells us we should follow.

Commerce is a science and every nation that is commercial is scientific. Commerce requires the best of everything that Science can produce. Our Interstate Commerce Commission is intended to be a body of scientists appointed to inquire into and improve a very important branch of Commerce, —namely, Transportation, and it follows therefore that only the most loyal and able men, the keenest and most careful observers, should be selected for that service.

So far as the personnel of the Interstate Commerce Commission is concerned, I raise no question on that point; but I do seriously question the wisdom of the rough hand of labor attempting to shape Commerce, or the unreliable hand of politics to indicate its course.

## COMMERCIAL THRIFT

There are three conditions as essential to extensive traffic as diversity and abundance of natural resources, namely:

1. Means of transport.
2. Freedom of labor and exchange.
3. Security.

"Means of Transport" is the first consideration. Without adequate



means for accumulating and distributing, Commerce cannot possibly exist; a status, such as existed in America before the steam locomotive arrived, will result and it cannot be avoided. With unequaled natural resources, it is of utmost importance to our national welfare that our means of transport should be adequate, efficient and economical; and it is therefore highly essential that the most able economists alone should control this phase of the situation.

"Freedom of Labor" is second only to the "Means of Transport"; but with the closed shop and limited output, professionally organized labor whose hand is growing stronger and stronger at the throat of Commerce, lessens not the fear that some day then may prove fatal.

"Security," strange to say, is the third and last consideration because the "Means of Transport" now embraces practically all that "Security" was intended to cover, especially in internal commerce.

## A PROPHECY

In a republican form of government such as ours, there is ever present a grave danger that should be fully recognized in its latent possibilities. A century or more ago the prophecy was made, and not unfounded, that this was an impossible government; that sooner or later, the voting strength of labor would crush capital, always in the minority, and this government would revert to a monarchial form of a most oppressive kind; that the pendulum would swing as far in the one direction as it will have swung in the other.

The wisdom that led up to this prophecy must seriously impress us. A reign of anarchy in Chicago some twenty years ago was ended by heroic measures—and we are told that the history of that day is not yet written. Socialism, another untried form of government, claimed by many to be an incipient stage of anarchy, is creeping upon us, slowly but surely. What form it will take as it develops further, is problematical; we do not know. We are hewing to a line that is not marked; there are scarcely two men in this country whose ideas coincide on this subject.

And there is still another grave danger from this source, and that is trade unionism which grasps all that it can reach, never gives up anything that it gets, and adds nothing to economic efficiency.

## THE RAILROADS

The railroads, owing to the great number of men employed in each class of its service, offer an inviting field for the professional exploiter of labor who is not without proof of his doings—eagerly welcomed by the man whose vision is limited, greatly feared by the trained economist who follows the converging lines of today to the point where they must cross tomorrow. In the ten-year period ending with the year 1914, the rate of compensation paid to train and enginemen increased 28% to 37%, whereas the average revenue per ton mile on freight traffic actually decreased 4½% during the same period. It is true that owing to the increase in volume of business, more efficient operation and the expansion of the railroads themselves, these conflicting conditions did not result disastrously, but a movement is now afoot (after all arguments, reasonable or otherwise, have been granted in a measure at least), to reduce the working day to an 8-hour basis, ostensibly "to promote public welfare." The so-called "8-hour day" is a misnomer. What is intended is an 8-hour maximum, after which overtime shall be paid. As a matter of fact, the so-called "8-hour day" would not result in a less number of hours that a man would work, but would simply add overtime payments aggregating one hundred million dollars a year for exactly the same service rendered now—no condition, other than the increased rate of pay, being changed in any respect.

To add this burden to the railroads, indirectly to the shipping public, at this time would be most disastrous. In 1915, owing to decreased revenue and increased expenses, one-sixth of the entire mileage of the railroads in this country was operated by receivers—over 42,000 miles—and by no means should this be increased. It does not augur well for our "Means of Transport," especially when we realize *that less mileage of new railroad was built last year than in any single year since the Civil War.*

## EFFICIENCY

There is only one way to build a nation, and that is by continually strengthening Commerce. And there is only one way to strengthen Commerce, and that is by increasing its efficiency in all its branches.

Increasing commercial efficiency is a matter worthy of a Nation's best talent. In importance, it is second to none. But it is the sheerest folly to appoint a commission of experts to inquire into and improve the fine points of Commerce, at the same time to encourage the despoiling influences of misdirected sentiment to wreck its entire sub-structure. If organized labor were underpaid or otherwise oppressed, it might have just claim for further consideration, but it is the highest paid of all classes of labor. Or, if through its workings it added to the economic efficiency of the nation, it might have ample justification. But no such claims are made for it. It is reliant wholly upon numerical strength, usurping the prerogatives of a republican form of government, and it does not strain our imaginations greatly to see therein the budding seeds of decay. Other republics have endured as long as ours. We are still an experiment, with precedent against us.

## THE STIMULUS OF WAR

Commerce is exacting and unsympathetic in every particular, and as soon as the artificial stimulus of the prevailing war conditions is spent in force, we may reasonably expect a violent reaction that may tear down the weakened structure that now supports us. Already 42,000 miles of our railroad have been cast into the melting pot and a far greater mileage is tottering upon the brink. How we shall fare when the great European war is ended, is entirely speculative, except that it is quite probable that our entire plan of organization shall have to be adjusted to meet the impaired purchasing power and the keen competition of foreign countries.

## COMMERCE UNYIELDING

Commerce is the result of *favorable* conditions. It heeds no threat; it hears no plea or excuse. Labor must be adjusted to the requirements of Commerce in exactly the same manner that Capital must be responsive. The two should work together, harmoniously if possible, arbitrarily if necessary. We have stringent laws controlling Capital, because Capital is represented by the minority in a republic form of government. And for the same reason we have no laws—at the most, very lenient laws—controlling Labor, because Labor represents the voting majority.

## CORPORATIONS

There is another peculiar phase of this entire matter. If there is any relief from this situation, it must come from the public at large. We all recognize the fact that the most efficient form of business is the corporate form, primarily because it admits of specializing along lines that can be proven most remunerative—that is, the most practicable and efficient. Instead of one man controlling its affairs, a representative form of control is available, therefore the continuation or success of corporate affairs does not depend upon the life or death of any one member. It is the last word in efficiency, it is the last touch of science. It reduces business risks to a



minimum; it spreads its responsibilities over a large number of stockholders; and it succeeds accordingly as it recognizes and applies the laws that controlled Commerce for untold ages before Abraham paid over his four hundred shekels current among the merchants.

## THE DEMANDS OF COMMERCE

Commerce demands the best of everything that science can produce: Transportation, labor, material, exchange—everything that enters into Commerce; and the moment we lag behind in any respect, Commerce begins to move to more inviting fields. In material resources, we are wonderfully endowed by nature. In exchange, our banking system is a marvel of science. But we are certainly failing in transportation and labor. Unless all of these factors are co-ordinated, Commerce, the strength of the nation, shall certainly pass on. It cannot be detained or delayed by the strong arm of labor, nor is it accessible to the wiles of the misguided or designing politician. Labor is temporarily in ascendancy over Capital, and, in false security, rejoices over its repeated successes. But Labor nor Capital can control Commerce, for Commerce knows no master but Efficiency; to Efficiency it is a willful and glorifying slave. COMMERCE HAS NEVER KNOWN DEFEAT. It may perish, but it never surrenders.

## THREADS

In our peculiar economic fabric, there are new threads of untried strength. Whether they shall withstand the strain that will soon be put upon them is uncertain. But as factors of efficiency, they are full of promise—the promise of efficiency must be taken at its word.

In every corporate concern, responsibility is divided among its stockholders, and stockholders are highly concerned in matters of efficiency, as thereon pends the fruit of success.

## LABOR

Efficiency embraces every factor of Commerce, not to the exclusion of Labor, itself; hence Labor must be the best that science can produce; the best in point of education, health, and general efficiency. Unless it answers to these specifications, it certainly cannot enter into the permanent structure of Commerce; it is not fit material for the sub-structure of the nation. And whereas Commerce demands the best and most efficient labor that Science can produce, or that Capital can induce, it cannot and will not yield to excessive compensation or to wastefulness in any guise; nor is Commerce in any respect responsive to sentiment or any other influences except such as can be reduced to scientific values. Commerce is hard and unyielding in its demands, but lavish in its rewards. Its laws are framed for fairness between Capital and Labor, and it is the duty of the government to see that these laws are enforced without fear or favor, and with complete disregard to voting *strength* or any other weakness inherent in our form of government. It has been truly said that our strength is our weakness; and unless the blind Sampson of Labor is held aloof from the pillars of our Commercial Temple, in his unreasoning frenzy he will pull down the entire structure and perish under its ruins.

## THE TEST OF STRENGTH

The new untried threads in our commercial fabric are the widespread responsibility of the corporate stockholder, and the general education of all classes in matters of logic and science. Whether these threads will be strong enough to bind the giant of Labor and to hold together the extremities of this government, remains to be seen. But we know that the test is coming—a severe test; and we also know that we are not prepared—the Interstate Commerce Commission has removed the falsework from the towering trestle

that has been built to span the business depression ahead of us. If the load of responsibilities, added to the dead-weight that we are forced arbitrarily to carry, is not too heavy, we may cross in safety, but the risks involved are dangerous and do not make for efficiency.

## SECURITY

Of the three conditions named as essential to extensive traffic, Security is deemed to be the least important. Generally speaking, I should consider Security the most vital. Our Security is in the corporate or commercial securities of our industrial enterprises, which are the bonds that bind all our interests together. These securities are distributed throughout the land, more exclusively and more widely held now than ever before, and every influence that lessens their values, not only interferes dangerously with the economic workings of the nation, but threatens the actual disintegration of our republican form of government. The 42,000 miles of railroads insolvent represents millions of bonds publicly repudiated and many times as much viewed with growing distrust.

## IN SELF-DEFENSE

If our public schools and colleges have accomplished their purpose in preparing us for self government, if the stockholders are fair with themselves in asserting their inalienable rights, if Labor itself is not actually blind to the logic of the situation, if office-seekers possess any of the loyalty whatever that they profess from their respective platforms, if the general public is not insensible to these impossible conditions, we should get together and discard our foolish prejudices, take notice of the great danger impending before the blow actually falls upon us, and set about at once zealously and earnestly to strengthen our commercial structure for the inevitable test.

Let us not forget the three essentials:

Means of Transport,
Freedom of Labor and Exchange,
Security—Security, first, last and all the time.

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